

EXHIBIT B

United States District Court for the Northern District of California, San Jose Division
Ikeda v. Baidu, et al., 5:20-cv-02768-LHK-VKD
 Securities Fraud Allegations Chart

| Stmt. No. | Date, Medium, Speaker(s) | False/Misleading Statement or Omission | Reason(s) Why Untrue and/or Omitted Material Facts | Facts Giving Rise to Strong Inference of Scienter |
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| 1 | March 16, 2019 2018 Annual Report All Defendants | “We <i>only have contractual control</i> over our websites.” ¶ 86. | The statement “[w]e only have contractual control over our websites,” was materially false and misleading when made because, at all relevant times, Baidu generated content through its advertising department and monitored content <i>via</i> a dual system of artificial intelligence and human content reviewers. In other words, Baidu can and did exercise control over websites, if not directly then through their wholly owned subsidiaries. ¶ 86. | <p>Defendants downplayed their ability to control content to avoid responsibility for problematic content; as the Company had previously faced “a public reputational crisis” in 2016 when it failed to adequately oversee its search results. ¶¶ 65-68; 75-81.</p> <p>Because of the Individual Defendants’ positions within the Company, they each had access to the adverse undisclosed information about Baidu’s business, operations, and practices through access to internal corporate documents, conversations, and contact with other corporate officers and employees, attendance at meetings, and through reports and other information provided to them. ¶ 32.</p> <p>The Individual Defendants, by virtue of their high-level position, were each directly involved in Baidu’s day-to-day operations at the highest levels and were each privy to confidential information concerning the Company, its business, operations, and practices, including the misstatements alleged herein. Their positions of control and authority as officers or directors enabled the Individual Defendants to control the contents of the Company’s SEC filings, press releases, presentations to securities analysts, and other public statements</p> |

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| | | | | <p>made to Baidu shareholders during the Class Period. ¶ 33.</p> <p>Each of the Individual Defendants substantially participated in the creation of and had exclusive authority and control over the content of Baidu's materially false and misleading statements and omissions, and how they were communicated to investors. ¶ 34.</p> <p>Baidu was facing increased competition from other platforms like ByteDance's Toutiao and Tiktok and Tencent's WeChat and WeChat mini program. ¶¶ 43, 45, 76, 111.</p> <p>Baidu was under tremendous financial pressure from competition and past enforcement actions from the CAC. ¶¶ 65, 67, 68.</p> <p>The Individual Defendants knew (or were reckless in not knowing) that the statement asserting the Company had only "contractual" control was false and specifically that at the end of the month, content reviewers would knowingly publish ads with questionable content in the interest of ensuring that the marketing department hit monthly sales goals (¶¶ 78, 86).</p> |

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| 2 | March 16, 2019 2018 Annual Report All Defendants | “... the business operations of our consolidated affiliated entities, as described herein, <i>comply with current PRC laws and regulations in all material respects.</i> ” ¶ 86. | The inclusion of Baidu’s counsel’s opinion as to the Company’s compliance was false and misleading because it: (a) falsely conveyed that the Company complied with PRC law; and (b) omitted that: <ul style="list-style-type: none"> • (i) that their current protocols for monitoring illicit content were critically inadequate, and that Baidu’s products were not complying with PRC laws and regulatory requirements; • (ii) Defendants had repeatedly – and as recently as January 3, 2019 – been investigated by the CAC based on their inability to filter questionable content; and • (iii) Baidu’s increased enablement of third-party posting meant that they were incapable of adequately supervising content as required by PRC laws and regulations. ¶ 87. | Defendants concealed their Company’s ability to comply with PRC law in part because it had faced “a public reputational crisis” in 2016 when it failed to adequately oversee its search results. ¶¶ 65-68; 75-81. Because of the Individual Defendants’ positions within the Company, they each had access to the adverse undisclosed information about Baidu’s business, operations, and practices through access to internal corporate documents, conversations, and contact with other corporate officers and employees, attendance at meetings, and through reports and other information provided to them. ¶ 32. The Individual Defendants, by virtue of their high-level positions, were each directly involved in Baidu’s day-to-day operations at the highest levels and were each privy to confidential information concerning the Company, its business, operations, and practices, including the misstatements alleged herein. Their positions of control and authority as officers or directors enabled the Individual Defendants to control the contents of the Company’s SEC filings, press releases, presentations to securities analysts, and other public statements made to Baidu shareholders during the Class Period. ¶ 33. |

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| | | | | <p>Each of the Individual Defendants substantially participated in the creation of and had exclusive authority and control over the content of Baidu's materially false and misleading statements and omissions, and how they were communicated to investors. ¶ 34.</p> <p>Baidu was facing increased competition from other platforms like ByteDance's Toutiao and Tiktok and Tencent's WeChat and WeChat mini program. ¶¶ 43, 45, 76, 111.</p> <p>Baidu was under tremendous financial pressure from competition and past enforcement actions from the CAC. ¶¶ 65, 67-68.</p> <p>The Individual Defendants' close ties to Communist Party officials and the CAC meant that they would have been aware of and received advanced notice of their lack of compliance. ¶ 79-80; 87.</p> <p>The Individual Defendants knew (or were reckless in not knowing) that the Company did not "comply with current PRC laws and regulations in all material respects," and specifically that: (i) at the end of the month, content reviewers would knowingly publish ads with questionable content in the interest of ensuring that the marketing department hit</p> |

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| | | | | monthly sales goals; (ii) Baidu's content and review teams lacked a clear and consistent process for staying informed of content that the government deemed objectionable and as a result, changes in content review standards and blacklisted keywords were not updated in a timely manner; (iii) Baidu did not have adequate managerial staff to enforce review standards and often relied on reviewers personal judgements; and (iv) understaffing in the content review department also left reviewers with an insufficient amount of time to review each article or video (¶¶ 75, 77-78, 81). |
| 3 | May 16, 2019 6-K All Defendants | “ . . . <i>we anticipate online marketing in the near term to face a challenging environment.</i> ” ¶ 90. | Yu's statement was false and misleading because it: (a) conveyed the impression that regulatory compliance did not contribute to the company's near-term challenges, and (b) omitted that: <ul style="list-style-type: none"> • (i) the risks posed by the Company's inability and/or unwillingness to comply with PRC laws and regulations on future revenue; • (ii) Defendants had repeatedly – and as recently as January 3, 2019 – been investigated by the CAC based on their inability and/or unwillingness to filter questionable content; | Defendants concealed the magnitude of the risks regulatory challenges posed to their company, as previous compliance failures had landed the Company in “a public reputational crisis.” ¶¶ 65-68, 75-81. Because of the Individual Defendants' positions within the Company, they each had access to the adverse undisclosed information about Baidu's business, operations, and practices through access to internal corporate documents, conversations, and contact with other corporate officers and employees, attendance at meetings, and through reports and other information provided to them. ¶ 32. |

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| | | | <ul style="list-style-type: none"> • (iii) Defendants' purposeful disregard of content review standards and night-time publications of questionable content in the name of hitting sales targets; and • (iv) Baidu's increased enablement of third-party posting meant that they were incapable of adequately supervising content as required by PRC laws and regulations. ¶ 91. | <p>The Individual Defendants, by virtue of their high-level position, were each directly involved in Baidu's day-to-day operations at the highest levels and were each privy to confidential information concerning the Company, its business, operations, and practices, including the misstatements alleged herein. Their positions of control and authority as officers or directors enabled the Individual Defendants to control the contents of the Company's SEC filings, press releases, presentations to securities analysts, and other public statements made to Baidu shareholders during the Class Period. ¶ 33.</p> <p>Each of the Individual Defendants substantially participated in the creation of and had exclusive authority and control over the content of Baidu's materially false and misleading statements and omissions, and how they were communicated to investors. ¶ 34.</p> <p>Baidu was facing increased competition from other platforms like ByteDance's Toutiao and Tiktok and Tencent's WeChat and WeChat mini program. ¶¶ 43, 45, 76, 111.</p> <p>Baidu was under tremendous financial pressure from competition and past enforcement actions from the CAC. ¶¶ 65, 67-68.</p> |

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| | | | | The Individual Defendants knew (or were reckless in not knowing) that the marketing environment would also be challenging because the Company was not able to comply with PRC law and that: (i) at the end of the month, content reviewers would knowingly publish ads with questionable content in the interest of ensuring that the marketing department hit monthly sales goals; (ii) Baidu's content and review teams lacked a clear and consistent process for staying informed of content that the government deemed objectionable and as a result, changes in content review standards and blacklisted keywords were not updated in a timely manner; (iii) Baidu did not have adequate managerial staff to enforce review standards and often relied on reviewers personal judgements; and (iv) understaffing in the content review department also left reviewers with an insufficient amount of time to review each article or video (¶¶ 75, 77-78, 81). |
| 4 | May 17, 2019 Earnings Call | "[W]e are . . . <i>filtering out poor and questionable content with Baidu AI.</i> " ¶ 94. | Li's statement was materially false and misleading when made because it: (a) conveyed the false impression that Baidu was able to effectively filter out poor and questionable content; and (b) omitted that: | Defendants concealed the actual extent to which the Company could "filter[] out poor and questionable content" as previous compliance failures had landed the Company in "a public reputational crisis" and regulatory issues were a "key risk" to the company. ¶¶ 65-68, 75-81, 101. |

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| | Defendant Li, Baidu | | <ul style="list-style-type: none"> • (i) Baidu's protocols for monitoring illicit content were critically inadequate, and as a result, Baidu's products were not complying with PRC laws and regulatory requirements; • (ii) Defendants had repeatedly – and as recently as January 3, 2019 – been investigated by the CAC based on their inability or unwillingness to filter questionable content; • (iv) Defendants' purposeful disregard of content review standards and night-time publications of questionable content in the name of hitting sales targets; and • (v) Baidu's increased enablement of third-party posting meant that they were incapable of adequately supervising content as required by PRC laws and regulations. ¶ 99. | <p>Because of the Individual Defendants' positions within the Company, they each had access to the adverse undisclosed information about Baidu's business, operations, and practices through access to internal corporate documents, conversations, and contact with other corporate officers and employees, attendance at meetings, and through reports and other information provided to them. ¶ 32.</p> <p>The Individual Defendants, by virtue of their high-level position, were each directly involved in Baidu's day-to-day operations at the highest levels and were each privy to confidential information concerning the Company, its business, operations, and practices, including the misstatements alleged herein. Their positions of control and authority as officers or directors enabled the Individual Defendants to control the contents of the Company's SEC filings, press releases, presentations to securities analysts, and other public statements made to Baidu shareholders during the Class Period. ¶ 33.</p> <p>Each of the Individual Defendants substantially participated in the creation of and had exclusive authority and control over the content of Baidu's materially false and misleading</p> |

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| | | | | <p>statements and omissions, and how they were communicated to investors. ¶ 34.</p> <p>Baidu was facing increased competition from other platforms like ByteDance’s Toutiao and Tiktok and Tencent’s WeChat and WeChat mini program. ¶¶ 43, 45, 76, 111.</p> <p>Baidu was under tremendous financial pressure from competition and past enforcement actions from the CAC. ¶¶ 65, 67-68.</p> <p>Li knew (or was reckless in not knowing) that the Company’s actual ability to filter out poor and questionable content was critically insufficient and that: (i) at the end of the month, content reviewers would knowingly publish ads with questionable content in the interest of ensuring that the marketing department hit monthly sales goals; (ii) Baidu’s content and review teams lacked a clear and consistent process for staying informed of content that the government deemed objectionable and as a result, changes in content review standards and blacklisted keywords were not updated in a timely manner; and (iii) Baidu did not have adequate managerial staff to enforce review standards and often relied on reviewers personal judgements, and (iv) understaffing in the content review department also left reviewers</p> |

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| | | | | <p>with an insufficient amount of time to review each article or video (¶¶ 75, 77-78, 81, 99).</p> <p>Defendant Li's knowledge of this inadequacy is further suggested by his comment during the Company's May 17, 2019 earnings call that: "our AI-power algorithms <i>help male users on the Baidu platform find interesting content</i> in the social commerce company's Smart Mini Program, increasing a user group that has been historically underrepresented." ¶ 100.</p> |
| 5 | June 19, 2019 Report All Defendants | The report stated, in part, that "Baidu search has cleaned up more than 2 billion pieces of harmful information that is mainly harmful to social security and other illegal categories. A total of more than 8,000 groups of search terms including pornography, gambling, drugs, etc. were cleaned up, and more than | <p>The Company's monthly security report was false and misleading because it failed to disclose that the CAC acted against Baidu just a week earlier on June 12, 2019 when it ordered Baidu to immediately rectify serious network ecology problems stemming from the companies' advertisements. ¶ 104.</p> <p>Defendants' June 19, 2019 report also failed to disclose that the sanctions imposed by the CAC in June 2019 were instigated by a consumer complaint based on a Baidu Feed advertisement, <i>which was created and reviewed internally at Baidu</i>, when the product advertised turned out to be a scam. ¶ 105.</p> | <p>Defendants omitted news of the recent CAC actions, in part because regulatory compliance was a "key risk[]" for the company. ¶¶ 75-81, 101, 105.</p> <p>Defendant Li was acutely aware of the problematic advertising in the Company's Mobile Ecology Division due to his role overseeing sales after the resignation of Xiang. ¶ 105</p> <p>Because of the Individual Defendants' positions within the Company, they each had access to the adverse undisclosed information about Baidu's business, operations, and practices through access to internal corporate documents, conversations, and contact with other corporate officers and employees, attendance at meetings,</p> |

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| | | 500,000 harmful links were cleaned up.” ¶ 103. | | <p>and through reports and other information provided to them. ¶ 32.</p> <p>The Individual Defendants, by virtue of their high-level positions, were each directly involved in Baidu’s day-to-day operations at the highest levels and were each privy to confidential information concerning the Company, its business, operations, and practices, including the misstatements alleged herein. Their positions of control and authority as officers or directors enabled the Individual Defendants to control the contents of the Company’s SEC filings, press releases, presentations to securities analysts, and other public statements made to Baidu shareholders during the Class Period. ¶ 33.</p> <p>Each of the Individual Defendants substantially participated in the creation of and had exclusive authority and control over the content of Baidu’s materially false and misleading statements and omissions, and how they were communicated to investors. ¶ 34.</p> <p>Baidu was facing increased competition from other platforms like ByteDance’s Toutiao and Tiktok and Tencent’s WeChat and WeChat mini program. ¶¶ 43, 45, 76, 111.</p> |

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| | | | | <p>Baidu was under tremendous financial pressure from competition and past enforcement actions from the CAC. ¶¶ 65, 67, 70.</p> <p>The Individual Defendants knew or were reckless in not knowing that the security report was false or misleading in part because : (i) at the end of the month, content reviewers would knowingly publish ads with questionable content in the interest of ensuring that the marketing department hit monthly sales goals; (ii) Baidu’s content and review teams lacked a clear and consistent process for staying informed of content that the government deemed objectionable and as a result, changes in content review standards and blacklisted keywords were not updated in a timely manner; (iii) Baidu did not have adequate managerial staff to enforce review standards and often relied on reviewers personal judgements, and (iv) understaffing in the content review department left reviewers with an insufficient amount of time to review each article or video (¶ 75, 78, 105).</p> |
| 6 | August 19, 2019 Form 6-K | <i>“In the first half of 2019, Baidu’s AI filtered over one billion misleading, low-</i> | Though Baidu boasted about the ability of its AI to monitor for illicit content and more specifically low-quality ads, it misleadingly omitted the June 2019 | Defendants omitted news of the recent CAC actions and other material information about their inability adequately monitor search feeds, in part because regulatory compliance was a “key risk” for the company. ¶¶ 75-81, 101, 107. |

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| | All Defendants | <i>quality ad materials and tens of billions of offensive, inappropriate images, texts, videos, and weblinks.” ¶ 106.</i> | <p>enforcement action taken by the CAC. Defendants also misleadingly omitted that:</p> <ul style="list-style-type: none"> • (i) the Company’s current protocols for filtering illicit content were critically inadequate, and as a result, Baidu’s products were not complying with PRC laws and regulatory requirements; • (ii) Defendants’ purposeful disregard of content review standards and night-time publications of questionable content in order to meet monthly sales targets; • (iii) Baidu’s increased enablement of third-party posting meant that they were incapable of adequately supervising content as required by PRC laws and regulations; • (iv) Baidu was incapable of managing or filtering even its own problematic content; • (v) sanctions imposed by the CAC in June of 2019 were instigated by a consumer complaint based on a Baidu Feed advertisement, which was created and reviewed internally at Baidu, when the product advertised turned out to be a scam. (¶ 107). | <p>Defendant Li was acutely aware that the Company faced sanctions as recently as June 2019 for problematic low-quality, offensive and inappropriate ads due to his role overseeing sales in the Company’s Mobile Ecology Division after the resignation of Xiang. ¶ 107.</p> <p>Because of the Individual Defendants’ positions within the Company, they each had access to the adverse undisclosed information about Baidu’s business, operations, and practices through access to internal corporate documents, conversations, and contact with other corporate officers and employees, attendance at meetings, and through reports and other information provided to them. ¶ 32.</p> <p>The Individual Defendants, by virtue of their high-level position, were each directly involved in Baidu’s day-to-day operations at the highest levels and were each privy to confidential information concerning the Company, its business, operations, and practices, including the misstatements alleged herein. Their positions of control and authority as officers or directors enabled the Individual Defendants to control the contents of the Company’s SEC filings, press releases, presentations to securities analysts, and other public statements</p> |

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| | | | | <p>made to Baidu shareholders during the Class Period. ¶ 33.</p> <p>Each of the Individual Defendants substantially participated in the creation of and had exclusive authority and control over the content of Baidu's materially false and misleading statements and omissions, and how they were communicated to investors. ¶ 34.</p> <p>Baidu was facing increased competition from other platforms like ByteDance's Toutiao and Tiktok and Tencent's WeChat and WeChat mini program. ¶¶ 43, 45, 76, 111.</p> <p>Baidu was under tremendous financial pressure from competition and past enforcement actions from the CAC. ¶¶ 65, 67-68.</p> <p>The Individual Defendants knew or were reckless in not knowing that their boasts about the success of their ability to monitor was false or misleading in part because (i) at the end of the month, content reviewers would knowingly publish ads with questionable content in the interest of ensuring that the marketing department hit monthly sales goals ; (ii) Baidu's content and review teams lacked a clear and consistent process for staying informed of content that the government deemed</p> |

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| | | | | objectionable and as a result, changes in content review standards and blacklisted keywords were not updated in a timely manner; and (iii) Baidu did not have adequate managerial staff to enforce review standards and often relied on reviewers personal judgements, and (iv) understaffing in the content review department also left reviewers with an insufficient amount of time to review each article or video. ¶¶ 75, 77-78, 81, 107. |
| 7 | February 28, 2020 Earnings Call Defendant Yu, Baidu | <i>“As a result of the coronavirus outbreak, the Chinese New Year golden week that was originally scheduled to end on January 30, was extended by a week in Beijing. And in some regions in China, the holidays were extended even longer. . . Consequently, the rebound for online marketing</i> | Yu’s statement attributing weakness in online marketing services to the coronavirus outbreak was false and misleading because it (a) falsely conveyed that Baidu's post-Chinese New Year’s "rebound" in marketing revenues was slow entirely due to the Covid-19 pandemic, and (b) omitted that: <ul style="list-style-type: none"> (i) the Company’s current protocols for monitoring illicit content were critically inadequate, and that Baidu’s products were not complying with PRC regulatory requirements because they allowed the publication of short videos and the illegal release of Coronavirus related news; | Defendants omitted the impact that regulatory noncompliance was having on Baidu’s marketing services because its marketing revenue stream was materially threatened by the possibility of sanctions as the Company could not earn revenue from nonoperational websites and apps. ¶ 117. Because of the Individual Defendants’ positions within the Company, they each had access to the adverse undisclosed information about Baidu’s business, operations, and practices through access to internal corporate documents, conversations, and contact with other corporate officers and employees, attendance at meetings, and through reports and other information provided to them. ¶ 32. |

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| | | <p><i>after Chinese New Year has been slow this year. . .”</i> ¶ 114.</p> | <ul style="list-style-type: none"> • (ii) Defendants had repeatedly – and as recently February 5, 2020 (three weeks prior) – been investigated by the CAC based on their inability to filter questionable content; • (iii) in early 2020, Baidu fired a senior content manager who had supervised 90% of the 2,700 content reviewers at the time, replacing him with an ineffective senior manager that did not coordinate with regulatory authorities, risking publication of non-compliant materials and sanctions by regulatory authorities; • (iv) Baidu’s expansion into the mobile marketplace and increased allowance of third-party posting meant that they were not capable of adequately supervising content as required by PRC laws and regulations; and • (v) the Company faced a heightened risk of sanctions because of the content review team’s failure to maintain a process for keeping reviewers informed of content deemed objectionable by the government, | <p>The Individual Defendants, by virtue of their high-level position, were each directly involved in Baidu’s day-to-day operations at the highest levels and were each privy to confidential information concerning the Company, its business, operations, and practices, including the misstatements alleged herein. Their positions of control and authority as officers or directors enabled the Individual Defendants to control the contents of the Company’s SEC filings, press releases, presentations to securities analysts, and other public statements made to Baidu shareholders during the Class Period. ¶ 33.</p> <p>Each of the Individual Defendants substantially participated in the creation of and had exclusive authority and control over the content of Baidu’s materially false and misleading statements and omissions, and how they were communicated to investors. ¶ 34.</p> <p>Baidu was facing increased competition from other platforms like ByteDance’s Toutiao and Tiktok and Tencent’s WeChat and WeChat mini program. ¶¶ 43, 45, 76, 111.</p> <p>Baidu was under tremendous financial pressure from competition and past enforcement actions from the CAC. ¶¶ 65, 67-68.</p> |

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| | | | <p>which resulted in the use of outdated keyword blacklists; and</p> <ul style="list-style-type: none"> • (vi) Baidu's marketing revenue stream was materially threatened by the possibility of sanctions since the Company could not earn revenue from nonoperational websites and apps. ¶ 117. | <p>Yu knew or was reckless in not knowing that the statement attributing marketing revenue slowdown entirely to the Covid-19 pandemic was false and misleading because (i) at the end of the month, content reviewers would knowingly publish ads with questionable content in the interest of ensuring that the marketing department hit monthly sales goals; (ii) Baidu's content and review teams lacked a clear and consistent process for staying informed of content that the government deemed objectionable and as a result, changes in content review standards and blacklisted keywords were not updated in a timely manner; (iii) Baidu did not have adequate managerial staff to enforce review standards and often relied on reviewers personal judgements, (iv) understaffing in the content review department also left reviewers with an insufficient amount of time to review each article or video; (v) Defendants had repeatedly – and as recently February 5, 2020 (three weeks prior) – been investigated by the CAC based on their inability to filter questionable content, (vi) in early 2020, Baidu fired a senior content manager who supervised 90% of the 2,700 content reviewers at the time; and (vii) Baidu's expansion into the mobile marketplace and increased allowance of third-party posting meant that they were not capable of adequately supervising content as</p> |

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| | | | | required by PRC laws and regulations. ¶¶ 75,77-78, 81, 117. |
| 8 | February 28, 2020 Earnings Call Defendant Yu, Baidu | <i>“And that's why you're seeing people come to Baidu during this time, to search, to get their information, to make sure that this is correct. . . . but more broadly, the users are going to come here because this is where they can verify more reliable information.”</i> ¶ 116. | Yu's statement about the reliability of information obtained from Baidu products was false and misleading because it: (a) falsely conveyed that Baidu was able to effectively filter poor and questionable content to give users “reliable information” and, (b) omitted that: <ul style="list-style-type: none"> • (i) the Company's current protocols for monitoring illicit content were critically inadequate, and that Baidu's products were not complying with PRC regulatory requirements because they allowed the publication of short videos and the illegal release of Coronavirus related news; • (ii) Defendants had repeatedly – and as recently February 5, 2020 (three weeks prior) – been investigated by the CAC based on their inability to filter questionable content; • (iii) in early 2020, Baidu fired a senior content manager who had supervised 90% of the 2,700 content reviewers at the time, | Defendant Yu knew (or was reckless in not knowing) that his boasts about the reliability of Baidu's search products were false and misleading. ¶ 117. Yu knew or was reckless in not knowing that his boasts about the reliability of their search products were materially misleading, and specifically that: (i) at the end of the month, content reviewers would knowingly publish ads with questionable content in the interest of ensuring that the marketing department hit monthly sales goals; (ii) Baidu's content and review teams lacked a clear and consistent process for staying informed of content that the government deemed objectionable and as a result, changes in content review standards and blacklisted keywords were not updated in a timely manner; (iii) Baidu did not have adequate managerial staff to enforce review standards and often relied on reviewers' personal judgements; (iv) understaffing in the content review department also left reviewers with an insufficient amount of time to review each article or video; (v) Defendants had repeatedly – and as recently February 5, 2020 (three weeks prior) – been investigated by the |

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| | | | <p>replacing him with an ineffective senior manager that did not coordinate with regulatory authorities, risking publication of non-compliant materials and sanctions by regulatory authorities;</p> <ul style="list-style-type: none"> • (iv) Baidu's expansion into the mobile marketplace and increased allowance of third-party posting meant that they were not capable of adequately supervising content as required by PRC laws and regulations; • (v) the Company faced a heightened risk of sanctions because of the content review team's failure to maintain a process for keeping reviewers informed of content deemed objectionable by the government, which resulted in the use of outdated keyword blacklists; and • (vi) Baidu's marketing revenue stream was materially threatened by the possibility of sanctions since the Company could not earn revenue from nonoperational websites and apps. ¶ 117. | <p>CAC based on their inability to filter questionable content, (vi) in early 2020, Baidu fired a senior content manager who supervised 90% of the 2,700 content reviewers at the time; (vii) Baidu's expansion into the mobile marketplace and increased allowance of third-party posting meant that they were not capable of adequately supervising content as required by PRC laws and regulations.¶ 72, 73, 75, 77-78, 81, 117.</p> |

| Stmt. No. | Date, Medium, Speaker(s) | False/Misleading Statement or Omission | Reason(s) Why Untrue and/or Omitted Material Facts | Facts Giving Rise to Strong Inference of Scienter |
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| 9 | March 10, 2020 2019 Annual Report All Defendants | <i>“We have been and may be subject to penalties in the future for violations of those regulations arising from information displayed on or linked to our websites or mobile apps, including a suspension or shutdown of our online operations.” ¶ 120.</i> | <p>Defendants’ vague references to unspecified prior enforcement actions and hypothetical risk of future actions were false and materially misleading because they</p> <p>(a) conveyed that prior enforcement actions were immaterial and that the future risk of enforcement action was abstract, and</p> <p>(b) omitted that:</p> <ul style="list-style-type: none"> • (i) that Defendants had repeatedly – and as recently February 5, 2020 been investigated by the CAC based on their inability to filter questionable content, • (ii) in February 2020, Baidu fired a senior content manager who supervised 90% of the 2,700 content reviewers at the time, replacing him with an ineffective senior manager that did not coordinate with regulatory authorities, risking publication of non-compliant materials and sanctions by regulatory authorities; • (iii) Defendants’ purposeful disregard of content review standards and night-time publications of questionable content in the name of hitting sales targets; | <p>Defendants knew that their vague references to unspecified prior enforcement actions and hypothetical risk of future actions were false and materially misleading. ¶¶ 121, 122.</p> <p>Because of the Individual Defendants’ positions within the Company, they each had access to the adverse undisclosed information about Baidu’s business, operations, and practices through access to internal corporate documents, conversations, and contact with other corporate officers and employees, attendance at meetings, and through reports and other information provided to them. ¶ 32.</p> <p>The Individual Defendants, by virtue of their high-level position, were each directly involved in Baidu’s day-to-day operations at the highest levels and were each privy to confidential information concerning the Company, its business, operations, and practices, including the misstatements alleged herein. Their positions of control and authority as officers or directors enabled the Individual Defendants to control the contents of the Company’s SEC filings, press releases, presentations to securities analysts, and other public statements made to Baidu shareholders during the Class Period. ¶ 33.</p> |

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| | | | <ul style="list-style-type: none"> • (iv) Baidu's expansion into the mobile marketplace and increased allowance of third-party posting meant that they were not capable of adequately supervising content as required by PRC laws and regulations; and • (v) loopholes in the registration management of publisher accounts led some users who were dissatisfied with certain state policies to register their accounts and publish articles that were unfavorable to regulators, such as controversial opinions on the US-China trade war. ¶¶ 121, 122. | <p>Each of the Individual Defendants substantially participated in the creation of and had exclusive authority and control over the content of Baidu's materially false and misleading statements and omissions, and how they were communicated to investors. ¶ 34.</p> <p>Baidu was facing increased competition from other platforms like ByteDance's Toutiao and Tiktok and Tencent's WeChat and WeChat mini program. ¶¶ 39, 42, 71, 111.</p> <p>Baidu was under tremendous financial pressure from competition and past enforcement actions from the CAC. ¶¶ 62, 65, 67-68.</p> <p>The Individual Defendants knew or were reckless in not that their vague references to unspecified prior enforcement actions and hypothetical risk of future actions were false and materially misleading and specifically that: (i) at the end of the month, content reviewers would knowingly publish ads with questionable content in the interest of ensuring that the marketing department hit monthly sales goals; (ii) Baidu's content and review teams lacked a clear and consistent process for staying informed of content that the government deemed objectionable and as a result, changes in content review standards and blacklisted</p> |

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| | | | | <p>keywords were not updated in a timely manner; (iii) Baidu did not have adequate managerial staff to enforce review standards and often relied on reviewers' personal judgements; (iv) understaffing in the content review department also left reviewers with an insufficient amount of time to review each article or video; (v) Defendants had repeatedly – and as recently February 5, 2020 – been investigated by the CAC based on their inability to filter questionable content; (vi) in early 2020, Baidu fired a senior content manager who supervised 90% of the 2,700 content reviewers at the time; (vii) Baidu's expansion into the mobile marketplace and increased allowance of third-party posting meant that they were not capable of adequately supervising content as required by PRC laws and regulations. ¶¶ 75, 77-78, 81, 121, 122.</p> <p>The Individual Defendants' close ties to Communist Party officials and the CAC meant that they would have been aware of and have received advanced notice of their lack of compliance. ¶ 79-80, 124</p> |
| 10 | March 10, 2020 | “[T]he business operations of our consolidated | The inclusion of their counsel's opinion as to the Company's compliance with PRC law was false and misleading because it | Defendants knew or were reckless in not knowing that their statement of compliance was |

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| | 2019 Annual Report All Defendants | affiliated entities, as described herein, <i>comply with current PRC laws and regulations in all material respects.</i> ” ¶ 123. | <p>(a) falsely conveyed that the Company complied with PRC law; and</p> <p>(b) omitted that:</p> <ul style="list-style-type: none"> • (i) the Company’s current protocols for monitoring illicit content were critically deficient, and as a result, Baidu’s products were not complying with PRC regulatory requirements; • (ii) Defendants had repeatedly – and as recently February 5, 2020 – been investigated by the CAC based on their inability to filter questionable content; • (iv) Defendants’ purposeful disregard of content review standards and night-time publications of questionable content in the name of hitting sales targets; • (v) Baidu’s expansion into the mobile marketplace and increased allowance of third-party posting meant that they were not capable of adequately supervising content as required by PRC laws and regulations; and • (vi) the Company faced a heightened risk of regulatory enforcement, including removal or | <p>false and materially misleading. ¶¶ 124, 126, 127.</p> <p>Because of the Individual Defendants’ positions within the Company, they each had access to the adverse undisclosed information about Baidu’s business, operations, and practices through access to internal corporate documents, conversations, and contact with other corporate officers and employees, attendance at meetings, and through reports and other information provided to them. ¶ 32.</p> <p>The Individual Defendants, by virtue of their high-level position, were each directly involved in Baidu’s day-to-day operations at the highest levels and were each privy to confidential information concerning the Company, its business, operations, and practices, including the misstatements alleged herein. Their positions of control and authority as officers or directors enabled the Individual Defendants to control the contents of the Company’s SEC filings, press releases, presentations to securities analysts, and other public statements made to Baidu shareholders during the Class Period. ¶ 33.</p> <p>Each of the Individual Defendants substantially participated in the creation of and had exclusive</p> |

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| | | | <p>suspension of certain Baidu's services and products in light of the newly promulgated December 2019 regulations, due to the foregoing noncompliance. ¶¶ 124, 127.</p> | <p>authority and control over the content of Baidu's materially false and misleading statements and omissions, and how they were communicated to investors. ¶ 34.</p> <p>Baidu was facing increased competition from other platforms like ByteDance's Toutiao and Tiktok and Tencent's WeChat and WeChat mini program. ¶¶ 43, 45, 76, 111.</p> <p>Baidu was under tremendous financial pressure from competition and past enforcement actions from the CAC. ¶¶ 65, 67-68.</p> <p>Defendants knew or were reckless in not knowing that their statement of compliance was false and materially misleading and that: (i) at the end of the month, content reviewers would knowingly publish ads with questionable content in the interest of ensuring that the marketing department hit monthly sales goals; (ii) Baidu's content and review teams lacked a clear and consistent process for staying informed of content that the government deemed objectionable and as a result, changes in content review standards and blacklisted keywords were not updated in a timely manner; (iii) Baidu did not have adequate managerial staff to enforce review standards and often relied on reviewers personal judgements; (iv)</p> |

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| | | | | understaffing in the content review department also left reviewers with an insufficient amount of time to review each article or video; (v) Defendants had repeatedly – and as recently February 5, 2020 – been investigated by the CAC based on their inability to filter questionable content; (vi) in early 2020, Baidu fired a senior content manager who supervised 90% of the 2,700 content reviewers at the time; and (vii) Baidu’s expansion into the mobile marketplace and increased allowance of third-party posting meant that they were not capable of adequately supervising content as required by PRC laws and regulations. ¶¶ 72, 73, 75, 77-78, 81, 124. |
| 11 | March 10, 2020 2019 Annual Report All Defendants | “Pursuant to the CAC Order No.5, <i>each network information content service platform is required, among others, (i) not to disseminate any information prohibited by laws and regulations, such as information</i> | Defendants’ references to new CAC regulations was false and misleading because it omitted that that the Company could not ensure that its products did (i) “not ... disseminate any information prohibited by laws and regulations”; or (ii) “utilize new technologies such as deep-learning and virtual reality to engage in activities prohibited by laws and regulations.” The statement further omitted that: | Defendants knew or were reckless in not knowing that their statement about the CAC regulations was false and materially misleading. ¶ 127. Because of the Individual Defendants’ positions within the Company, they each had access to the adverse undisclosed information about Baidu’s business, operations, and practices through access to internal corporate documents, conversations, and contact with other corporate officers and employees, attendance at meetings, and through reports and other information provided to them. ¶ 32. |

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| | | jeopardizing national security... <i>In addition, a network information content service platform must not, among others, (i) utilize new technologies such as deep-learning and virtual reality to engage in activities prohibited by laws and regulations...</i> ¶ 125. | <ul style="list-style-type: none"> • (i) Baidu's Feed services were not in compliance with applicable PRC regulatory standards; • (ii) the Company faced a heightened risk of regulatory enforcement, including removal or suspension of certain Baidu's services and products in light of the newly promulgated December 2019 regulations, due to the foregoing noncompliance; • (iii) Chinese regulatory officials had found Baidu non-compliant on at least three occasions in 2019 and 2020, before and during the class period; and • (iv) accordingly, the Company's revenues derived from its online marketing services were adversely affected. ¶ 127. | <p>The Individual Defendants, by virtue of their high-level position, were each directly involved in Baidu's day-to-day operations at the highest levels and were each privy to confidential information concerning the Company, its business, operations, and practices, including the misstatements alleged herein. Their positions of control and authority as officers or directors enabled the Individual Defendants to control the contents of the Company's SEC filings, press releases, presentations to securities analysts, and other public statements made to Baidu shareholders during the Class Period. ¶ 33.</p> <p>Each of the Individual Defendants substantially participated in the creation of and had exclusive authority and control over the content of Baidu's materially false and misleading statements and omissions, and how they were communicated to investors. ¶ 34.</p> <p>Baidu was facing increased competition from other platforms like ByteDance's Toutiao and Tiktok and Tencent's WeChat and WeChat mini program. ¶¶ 43, 45, 76, 111.</p> <p>Baidu was under tremendous financial pressure from competition and past enforcement actions from the CAC. ¶¶ 65, 67-68.</p> |

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| | | | | <p>Defendants knew or were reckless in not knowing that their vague reference to PRC regulations was false and materially misleading and that: (i) at the end of the month, content reviewers would knowingly publish ads with questionable content in the interest of ensuring that the marketing department hit monthly sales goals; (ii) Baidu's content and review teams lacked a clear and consistent process for staying informed of content that the government deemed objectionable and as a result, changes in content review standards and blacklisted keywords were not updated in a timely manner; (iii) Baidu did not have adequate managerial staff to enforce review standards and often relied on reviewers personal judgements; (iv) understaffing in the content review department also left reviewers with an insufficient amount of time to review each article or video; (v) Defendants had repeatedly – and as recently February 5, 2020 – been investigated by the CAC based on their inability to filter questionable content, (vi) in early 2020, Baidu fired a senior content manager who supervised 90% of the 2,700 content reviewers at the time; and (vii) Baidu's expansion into the mobile marketplace and increased allowance of third-party posting meant that they were not capable of adequately supervising content as required</p> |

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| | | | | <p>by PRC laws and regulations. ¶¶ 72, 73, 75, 77-78, 81, 124.</p> <p>The Individual Defendants' close ties to Communist Party officials and the CAC meant that they would have received advanced notice of regulations and their lack of compliance. ¶¶ 79-80, 124.</p> |